

## Worksheet 9

## 4.1 Types of business organization

1. Match the following characteristics with the type of business organization they refer to. Some characteristics can apply to more than one type of organization. The characteristics of a public corporation have already been completed for you.

**A** A corporation created to perform a governmental function or to operate under government control that is accountable to government

**B** Owned by and run on behalf of their members

**C** Day-to-day management by a board of directors

**D** Has productive operations in more than one country

**E** Owner or owners have limited liability

**F** Owned by its shareholders

**G** May be funded from revenues from sales or from government tax revenues if they are non-trading bodies

**H** Owner or owners have unlimited liability

**I** Owners receive dividends from profits dependent on the size of their individual shareholdings

**J** Can raise permanent capital on the stock market

**K** Must publish and make annual accounts publicly available

**L** A legal agreement, popular in professions such as lawyers, veterinary surgeons and accountants, to share the ownership, finance, management and profits of a business organization

**M** Often lack sufficient capital to expand

**O** In most countries it must have a minimum of two shareholders

**N** Only able to sell shares privately with the agreement of all other shareholders

**Q** Profits are distributed to owners dependent on their individual level of participation, for instance by a dividend on their sales or purchases, rather than according to the amount of capital they have individually invested

**P** One owner only

**S** Owner receives all profits

**R** Organization has a separate legal identity from its owners

Organizational form	Key characteristics
Sole trader	
Partnership	
Private limited company	
Public limited company	
Multinational	
Cooperative	
Public corporation	A, C, G, R

2. What do each of the following statements describe?

The responsibility of one or more owners of a business organization to repay the total amount of debt that the business has, regardless of how much the owner or owners have invested.

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Money invested in durable productive assets such as machinery and premises that are needed to start up and conduct a business activity.

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A company that has a legal status independent from that of its owners. This means it can buy, sell and own assets, borrow money, enter contracts and be taxed on its income in its own name and right.

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Ownership of a sufficient number of shares with voting rights in a company such that the stock holder can control company policy by out-voting all other stock holders.

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The process of transferring a private sector corporation, industry or assets into government ownership by a national government.

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The receipt of money by a country from companies or residents overseas for the purpose of purchasing durable productive assets to start up or expand a company in that country.

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